
By: **Delegates Jones, Conway, Busch, Barkley, Barve, Bohanan, Bozman, Branch, Cadden, Cardin, G. Clagett, DeBoy, Franchot, Gaines, Goodwin, Haynes, Healey, Heller, Hixson, Howard, King, Madaleno, Marriott, McIntosh, Moe, Niemann, Paige, Patterson, Proctor, Ramirez, Ross, Rudolph, and F. Turner**

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Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 28, 2004

CHAPTER _____

1 AN ACT concerning

2 **Higher Education Affordability and Access Act of 2004 - Supplementary**
3 **Appropriation**

4 FOR the purpose of limiting, to no more than a certain percent for certain academic
5 years, the amount of the annual increase in tuition that may be charged each
6 academic year to a resident undergraduate student at certain public senior
7 higher education institutions in Maryland; providing that a certain tuition
8 limitation only applies if certain appropriations in certain fiscal years have
9 increased a certain amount over the preceding fiscal year; requiring the
10 Governor to include a certain increase in the annual budget submission for
11 certain fiscal years for the University System of Maryland and Morgan State
12 University; providing that certain funding may not supplant certain funding to
13 certain public senior higher education institutions; establishing the Higher
14 Education Investment Fund; specifying that the Fund is a special, nonlapsing
15 fund, that the State Treasurer shall hold the Fund separately, and that the
16 Comptroller shall account for the Fund; specifying that the Fund consists of
17 certain revenues and other moneys accepted for certain purposes; requiring
18 certain investment earnings to be credited to the Fund; allowing the Fund to be
19 used only for certain purposes and under certain circumstances; requiring the
20 transfer of any balance in the Fund at the end of a certain fiscal year to the
21 General Fund; authorizing the Governor to include up to a certain amount from
22 the Fund to make certain appropriations for certain fiscal years; requiring
23 certain governing boards to establish certain enrollment policies; requiring a
24 nonpublic institution of higher education that receives State financial

1 assistance to submit a certain report to the Maryland Higher Education
2 Commission; requiring the Board of Regents of the University System of
3 Maryland to submit a certain report before taking certain cost containment
4 actions; ~~requiring certain committee meetings of the Board to be open and~~
5 ~~certain schedules and reports to be available for public disclosure~~; requiring the
6 Board to establish a minimum level of tuition for certain students based on a
7 certain calculation; prohibiting the number of out-of-state undergraduate
8 students from exceeding a certain percentage of the student body at certain
9 institutions of the University System of Maryland; altering the calculation of
10 certain State appropriations to community colleges, including Baltimore City
11 Community College, and the Joseph A. Sellinger Program for certain fiscal
12 years; imposing a certain surcharge on the Maryland taxable income of
13 corporations for certain taxable years; requiring the Comptroller to distribute
14 the revenues from the surcharge to the Higher Education Investment Fund
15 rather than to the State General Fund and certain special funds; providing for
16 legislative appropriations for a certain fiscal year of certain revenues derived as
17 a result of this Act; requiring the Board of Regents of the University System of
18 Maryland to study certain issues and submit certain reports by certain dates;
19 requiring the Board of Regents of Morgan State University to submit a certain
20 report by a certain date; requiring the University System of Maryland to attain
21 certain savings of a certain amount in a certain fiscal year; declaring the intent
22 of the General Assembly; defining certain terms; providing for the application of
23 this Act; and generally relating to State funding for tuition, management,
24 finance, admissions and enrollment policies at certain public senior higher
25 education institutions in Maryland.

26 BY repealing and reenacting, with amendments,
27 Article - Education
28 Section 10-211, 16-305(c)(1), 16-512(a), and 17-104
29 Annotated Code of Maryland
30 (2001 Replacement Volume and 2003 Supplement)

31 BY adding to
32 Article - Education
33 Section 12-114, 12-115, 14-104(o), and 15-106.3
34 Annotated Code of Maryland
35 (2001 Replacement Volume and 2003 Supplement)

36 BY repealing and reenacting, with amendments,
37 Article - Tax - General
38 Section 2-614, 2-615, 10-101(j), 10-102, and 10-105(b)
39 Annotated Code of Maryland
40 (1997 Replacement Volume and 2003 Supplement)

41 BY adding to
42 Article - Tax - General

1 Section 2-613.1
2 Annotated Code of Maryland
3 (1997 Replacement Volume and 2003 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That the Laws of Maryland read as follows:

6 **Article - Education**

7 10-211.

8 (a) The nonpublic institutions of higher education in the State are an
9 important educational resource and are vital to the provision of postsecondary
10 education in the State.

11 (b) The State shall continue to provide financial aid as provided by law to
12 nonpublic institutions of higher education to foster this important educational
13 resource.

14 (C) A NONPUBLIC INSTITUTION OF HIGHER EDUCATION THAT RECEIVES
15 STATE FINANCIAL AID SHALL SUBMIT A REPORT ANNUALLY TO THE COMMISSION
16 RELATING TO THE SCHOLARSHIPS AND GRANTS THE NONPUBLIC INSTITUTION
17 AWARDED TO MARYLAND STUDENTS.

18 12-114.

19 (A) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE UNIVERSITY
20 SYSTEM OF MARYLAND IMPROVE ITS EFFECTIVENESS AND EFFICIENCY AND
21 REDUCE ITS COST STRUCTURE BY BECOMING THE NATIONAL LEADER IN
22 TRANSFORMING THE BUSINESS MODEL OF PUBLIC HIGHER EDUCATION TO PROVIDE
23 WORLD CLASS EDUCATION, RESEARCH, AND PUBLIC SERVICE AT BELOW AVERAGE
24 COSTS.

25 (B) IN ANY FISCAL YEAR IN WHICH THE BOARD OF REGENTS IMPLEMENTS
26 COST CONTAINMENT MEASURES, BEFORE ADMINISTERING ANY LAYOFFS OR
27 REDUCTIONS TO STUDENT SERVICES, THE BOARD SHALL SUBMIT, IN ACCORDANCE
28 WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, A REPORT TO THE GENERAL
29 ASSEMBLY DELINEATING ALTERNATIVE MEASURES THAT WERE CONSIDERED TO
30 CONTAIN COSTS, INCLUDING EFFORTS TO REDUCE ADMINISTRATIVE COSTS.

31 ~~(C) THE AUDIT COMMITTEE MEETINGS OF THE BOARD OF REGENTS SHALL BE~~
32 ~~OPEN TO THE PUBLIC AND INTERNAL AUDIT SCHEDULES AND REPORTS SHALL BE~~
33 ~~AVAILABLE FOR PUBLIC DISCLOSURE.~~

34 12-115.

35 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE
36 NUMBER OF OUT-OF-STATE UNDERGRADUATE STUDENTS ATTENDING A

1 CONSTITUENT INSTITUTION MAY NOT EXCEED 30% OF ITS TOTAL UNDERGRADUATE
2 STUDENT BODY.

3 (2) THIS SUBSECTION DOES NOT APPLY TO:

4 (I) UNIVERSITY OF MARYLAND, UNIVERSITY COLLEGE;

5 (II) UNIVERSITY OF MARYLAND, EASTERN SHORE;

6 (III) BOWIE STATE UNIVERSITY;

7 (IV) COPPIN STATE COLLEGE; AND

8 (V) ALL STUDENTS ENROLLED EXCLUSIVELY IN DISTANCE
9 EDUCATION PROGRAMS.

10 (B) (1) THE BOARD OF REGENTS SHALL ESTABLISH A MINIMUM LEVEL OF
11 TUITION FOR AN OUT-OF-STATE UNDERGRADUATE STUDENT ENROLLED AT A
12 CONSTITUENT INSTITUTION THAT IS EQUAL TO THE COST OF EDUCATING THE
13 STUDENT.

14 (2) THE CALCULATION OF THE COST OF EDUCATION REQUIRED IN
15 PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE CHARGES FOR FACILITIES
16 RENEWAL, EQUIPMENT FOR NEW FACILITIES, ACADEMIC REVENUE BOND DEBT
17 EXPENSES, AND OTHER CHARGES AS APPROPRIATE, RELATED TO THE COST OF
18 BUILDING AND OPERATING STATE-SUPPORTED FACILITIES.

19 14-104.

20 (O) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT MORGAN STATE
21 UNIVERSITY IMPROVE ITS EFFECTIVENESS AND EFFICIENCY AND REDUCE ITS COST
22 STRUCTURE BY BECOMING THE NATIONAL LEADER IN TRANSFORMING THE
23 BUSINESS MODEL OF PUBLIC HIGHER EDUCATION TO PROVIDE WORLD CLASS
24 EDUCATION, RESEARCH, AND PUBLIC SERVICE ~~AT BELOW AVERAGE COSTS.~~

25 15-106.3.

26 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
27 INDICATED.

28 (2) "ACADEMIC YEAR" MEANS THE PERIOD COMMENCING WITH THE
29 FALL SEMESTER AND CONTINUING THROUGH THE IMMEDIATELY FOLLOWING
30 SUMMER SESSION AT A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION.

31 (3) "FUND" MEANS THE HIGHER EDUCATION INVESTMENT FUND.

32 (4) "GOVERNING BOARD" MEANS:

33 (I) THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF
34 MARYLAND; AND

1 (II) THE BOARD OF REGENTS OF MORGAN STATE UNIVERSITY.

2 (5) "PUBLIC SENIOR HIGHER EDUCATION INSTITUTION" HAS THE
3 MEANING STATED IN § 10-101(J)(1) AND (2) OF THIS ARTICLE.

4 (6) (I) "TUITION" MEANS THE CHARGES AND FEES APPROVED BY THE
5 GOVERNING BOARD OF A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION WHICH
6 ARE REQUIRED OF ALL UNDERGRADUATE RESIDENT STUDENTS BY THE
7 INSTITUTION AS A CONDITION OF ENROLLMENT REGARDLESS OF THE STUDENT'S
8 DEGREE PROGRAM, FIELD OF STUDY, OR SELECTED COURSES.

9 (II) "TUITION" DOES NOT INCLUDE:

10 1. FEES DEDICATED TO SUPPORT AUXILIARY ENTERPRISES
11 AND OTHER SELF-FUNDED ACTIVITIES OF A PUBLIC SENIOR HIGHER EDUCATION
12 INSTITUTION; OR

13 2. A FEE REQUIRED ONLY FOR ENROLLMENT IN A SPECIFIC
14 DEGREE PROGRAM, FIELD OF STUDY, OR COURSE WHEN THAT FEE IS NOT REQUIRED
15 OF UNDERGRADUATE RESIDENT STUDENTS AT THE PUBLIC SENIOR HIGHER
16 EDUCATION INSTITUTION FOR ENROLLMENT IN OTHER DEGREE PROGRAMS, FIELDS
17 OF STUDY, OR COURSES.

18 (B) (1) FOR FISCAL YEARS 2006 THROUGH 2008 ONLY, AND SUBJECT TO
19 PARAGRAPH (2) OF THIS SUBSECTION, THE GOVERNOR SHALL INCLUDE IN THE
20 ANNUAL BUDGET SUBMISSION AN INCREASE IN THE AGGREGATE AMOUNT OF
21 GENERAL FUND AND HIGHER EDUCATION INVESTMENT FUND SUPPORT FOR THE
22 UNIVERSITY SYSTEM OF MARYLAND, AND MORGAN STATE UNIVERSITY,
23 RESPECTIVELY, OF AT LEAST 5% OVER THE PREVIOUS FISCAL YEAR.

24 (2) IN MEETING THE REQUIREMENTS OF THIS SUBSECTION, THE
25 GOVERNOR MAY INCLUDE NO MORE THAN ~~3%~~ 60% OF THE CUMULATIVE FUNDING
26 INCREASE FOR FISCAL YEARS ~~2006~~ 2005 THROUGH 2008 FROM THE HIGHER
27 EDUCATION INVESTMENT FUND.

28 (3) THE FUNDING REQUIREMENTS OF THIS SUBSECTION REPRESENT A
29 MINIMUM LEVEL OF GENERAL FUND AND HIGHER EDUCATION INVESTMENT FUND
30 SUPPORT THAT THE GOVERNOR MAY EXCEED AS STATE RESOURCES PERMIT.

31 (4) FUNDING DISTRIBUTED UNDER THIS SUBSECTION MAY NOT BE
32 USED TO SUPPLANT FUNDING OTHERWISE DISTRIBUTED IN ACCORDANCE WITH THE
33 STATE'S PARTNERSHIP AGREEMENT WITH THE UNITED STATES DEPARTMENT OF
34 EDUCATION, OFFICE OF CIVIL RIGHTS TO:

35 (I) BOWIE STATE UNIVERSITY;

36 (II) COPPIN STATE COLLEGE;

37 (III) MORGAN STATE UNIVERSITY; OR

1 (IV) UNIVERSITY OF MARYLAND, EASTERN SHORE.

2 (C) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, FOR THE
3 ACADEMIC YEAR BEGINNING IN THE FALL OF 2004 AND EACH ACADEMIC YEAR
4 THROUGH THE FALL OF 2007, A GOVERNING BOARD MAY NOT APPROVE, AND A
5 PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY NOT IMPOSE, AN INCREASE
6 IN THE TUITION CHARGED FOR AN ACADEMIC YEAR TO A RESIDENT
7 UNDERGRADUATE STUDENT AT THE INSTITUTION THAT EXCEEDS 5% OF THE
8 AMOUNT CHARGED FOR TUITION AT THE INSTITUTION IN THE PRECEDING
9 ACADEMIC YEAR.

10 (2) (I) FOR FISCAL YEAR 2005, THE TUITION LIMITATION IN
11 PARAGRAPH (1) OF THIS SUBSECTION ONLY APPLIES TO INSTITUTIONS OF THE
12 UNIVERSITY SYSTEM OF MARYLAND IF THE AGGREGATE GENERAL FUND AND
13 HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS FOR THE UNIVERSITY
14 SYSTEM OF MARYLAND HAVE INCREASED AT LEAST 3.4% OVER THE ACTUAL
15 APPROPRIATIONS FOR FISCAL YEAR 2004.

16 (II) FOR FISCAL YEAR 2005, THE TUITION LIMITATION IN
17 PARAGRAPH (1) OF THIS SUBSECTION ONLY APPLIES TO MORGAN STATE UNIVERSITY
18 IF THE AGGREGATE GENERAL FUND AND HIGHER EDUCATION INVESTMENT FUND
19 APPROPRIATIONS HAVE INCREASED AT LEAST 3.4% OVER THE ACTUAL
20 APPROPRIATIONS FOR FISCAL YEAR 2004.

21 (3) (I) FOR FISCAL YEARS 2006 THROUGH 2008, THE TUITION
22 LIMITATION IN PARAGRAPH (1) OF THIS SUBSECTION ONLY APPLIES TO
23 INSTITUTIONS OF THE UNIVERSITY SYSTEM OF MARYLAND IF THE AGGREGATE
24 GENERAL FUND AND HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS FOR
25 THE UNIVERSITY SYSTEM OF MARYLAND IN THAT FISCAL YEAR HAVE INCREASED AT
26 LEAST 5% OVER THE APPROPRIATIONS FOR THE PRECEDING FISCAL YEAR.

27 (II) FOR FISCAL YEARS 2006 THROUGH 2008, THE TUITION
28 LIMITATION IN PARAGRAPH (1) OF THIS SUBSECTION ONLY APPLIES TO MORGAN
29 STATE UNIVERSITY IF THE AGGREGATE GENERAL FUND AND HIGHER EDUCATION
30 INVESTMENT FUND APPROPRIATIONS IN THAT FISCAL YEAR HAVE INCREASED AT
31 LEAST 5% OVER THE APPROPRIATIONS FOR THE PRECEDING FISCAL YEAR.

32 (D) THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND AND
33 THE BOARD OF REGENTS OF MORGAN STATE UNIVERSITY SHALL ESTABLISH
34 POLICIES TO ACCOMMODATE ENROLLMENT GROWTH, AS PROJECTED BY THE
35 COMMISSION, AT THEIR RESPECTIVE INSTITUTIONS FOR THE ACADEMIC YEARS
36 BEGINNING IN THE FALL OF 2004 THROUGH THE FALL OF 2007.

37 (E) (1) THERE IS A HIGHER EDUCATION INVESTMENT FUND.

38 (2) THE PURPOSE OF THE FUND IS TO SUPPLEMENT GENERAL FUND
39 APPROPRIATIONS TO PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS.

40 (3) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT
41 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

1 (4) THE TREASURER SHALL HOLD THE FUND AND THE COMPTROLLER
2 SHALL ACCOUNT FOR THE FUND.

3 (5) THE PROCEEDS OF THE FUND SHALL BE INVESTED AND
4 REINVESTED.

5 (6) ANY INVESTMENT EARNINGS SHALL BE PAID INTO THE FUND.

6 (7) THE FUND CONSISTS OF:

7 (I) REVENUES FROM THE SURCHARGE ON INCOME OF
8 CORPORATIONS AS PROVIDED IN § 2-613.1 OF THE TAX - GENERAL ARTICLE; AND

9 (II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
10 THE BENEFIT OF THE FUND.

11 (8) THE COMMISSION SHALL ADMINISTER THE FUND.

12 (9) MONEY IN THE FUND MAY ONLY BE EXPENDED TO SUPPLEMENT
13 GENERAL FUND APPROPRIATIONS TO PUBLIC SENIOR HIGHER EDUCATION
14 INSTITUTIONS.

15 (10) EXPENDITURES FROM THE FUND MAY ONLY BE MADE IN
16 ACCORDANCE WITH AN APPROPRIATION APPROVED BY THE GENERAL ASSEMBLY IN
17 THE ANNUAL STATE BUDGET.

18 (11) ANY BALANCE REMAINING IN THE FUND AT THE END OF JUNE 30,
19 2008 SHALL BE TRANSFERRED TO THE GENERAL FUND OF THE STATE. IT IS THE
20 INTENT OF THE GENERAL ASSEMBLY THAT THESE MONEYS BE USED TO SUPPORT
21 HIGHER EDUCATION.

22 16-305.

23 (c) (1) (i) The total State operating fund per full-time equivalent student
24 to the community colleges for each fiscal year as requested by the Governor shall be:

25 1. In each of fiscal years 2003 and 2004, not less than an
26 amount equal to 23.1% of the State's General Fund appropriation per full-time
27 equivalent student to the 4-year public institutions of higher education in the State
28 as designated by the Commission for the purpose of administering the Joseph A.
29 Sellinger Program under Title 17 of this article in the previous fiscal year;

30 2. In fiscal year 2005, not less than an amount equal to 24%
31 of the State's General Fund appropriation per full-time equivalent student to the
32 4-year public institutions of higher education in the State as designated by the
33 Commission for the purpose of administering the Joseph A. Sellinger Program under
34 Title 17 of this article in the previous fiscal year; and

35 3. In fiscal year 2006 and each fiscal year thereafter, not less
36 than an amount equal to 25% of the State's General Fund [appropriation] AND

1 HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS per full-time equivalent
2 student to the 4-year public institutions of higher education in the State, as
3 designated by the Commission for the purpose of administering the Joseph A.
4 Sellinger Program under Title 17 of this article in the previous fiscal year.

5 (ii) For purposes of this subsection, the State's General Fund
6 [appropriation] AND HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS per
7 full-time equivalent student to the 4-year public institutions of higher education in
8 the State for the previous fiscal year shall reflect any amendments or reductions to
9 the appropriation for the previous fiscal year.

10 16-512.

11 (a) (1) The total State operating fund per full-time equivalent student
12 appropriated to Baltimore City Community College for each fiscal year as requested
13 by the Governor shall be:

14 (i) In each of fiscal years 2003 and 2004, not less than an amount
15 equal to 60.9% of the State's General Fund appropriation per full-time equivalent
16 student to the 4-year public institutions of higher education in the State as
17 designated by the Commission for the purpose of administering the Joseph A.
18 Sellinger Program under Title 17 of this article in the previous fiscal year;

19 (ii) In fiscal year 2005, not less than an amount equal to 63.4% of
20 the State's General Fund appropriation per full-time equivalent student to the
21 4-year public institutions of higher education in the State as designated by the
22 Commission for the purpose of administering the Joseph A. Sellinger Program under
23 Title 17 of this article in the previous fiscal year; and

24 (iii) In fiscal year 2006 and each fiscal year thereafter, not less than
25 an amount equal to 66% of the State's General Fund [appropriation] AND HIGHER
26 EDUCATION INVESTMENT FUND APPROPRIATIONS per full-time equivalent student
27 to the 4-year public institutions of higher education in the State as designated by the
28 Commission for the purpose of administering the Joseph A. Sellinger Program under
29 Title 17 of this article in the previous fiscal year.

30 (2) For purposes of this subsection, the State's General Fund
31 [appropriation] AND HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS per
32 full-time equivalent student to the 4-year public institutions of higher education in
33 the State for the previous fiscal year shall reflect any amendments or reductions to
34 the appropriation for the previous fiscal year.

35 17-104.

36 (a) The Maryland Higher Education Commission shall compute the amount of
37 the annual apportionment for each institution that qualifies under this subtitle by
38 multiplying:

39 (1) The number of full-time equivalent students enrolled at the
40 institution during the fall semester of the fiscal year preceding the fiscal year for

1 which the aid apportionment is made, as determined by the Maryland Higher
 2 Education Commission times;

3 (2) (i) In each of fiscal years 2003 and 2004, an amount not less than
 4 14.3% of the State's General Fund per full-time equivalent student appropriation to
 5 the 4-year public institutions of higher education in this State for the preceding fiscal
 6 year;

7 (ii) In fiscal year 2005, an amount not less than 15.2% of the State's
 8 General Fund per full-time equivalent student appropriation to the 4-year public
 9 institutions of higher education in this State for the preceding fiscal year; and

10 (iii) In fiscal year 2006 and each fiscal year thereafter, an amount
 11 not less than 16% of the State's General Fund AND HIGHER EDUCATION INVESTMENT
 12 FUND APPROPRIATIONS per full-time equivalent student [appropriation] to the
 13 4-year public institutions of higher education in this State for the preceding fiscal
 14 year.

15 (b) Full-time equivalent students enrolled in seminarian or theological
 16 programs shall be excluded from the computation required by subsection (a) of this
 17 section.

18 (c) Payments of State general funds under Subtitle 3 of this title shall be
 19 excluded from the computation required by subsection (a) of this section.

20 (d) For purposes of this section, the State's General Fund [appropriation]
 21 AND HIGHER EDUCATION INVESTMENT FUND APPROPRIATIONS per full-time
 22 equivalent student to the 4-year public institutions of higher education in the State
 23 for the previous fiscal year shall reflect any amendments or reductions to the
 24 appropriation for the previous fiscal year.

25 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 26 read as follows:

27 **Article - Tax - General**

28 2-613.1.

29 AFTER MAKING THE DISTRIBUTION REQUIRED UNDER § 2-613 OF THIS
 30 SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE TO THE HIGHER EDUCATION
 31 INVESTMENT FUND ESTABLISHED UNDER § 15-106.3 OF THE EDUCATION ARTICLE
 32 THE REVENUE FROM THE SURCHARGE ON INCOME OF CORPORATIONS IMPOSED
 33 UNDER § 10-102(2) OF THIS ARTICLE.

34 2-614.

35 After making the [distribution] DISTRIBUTIONS required under [§ 2-613] §§
 36 2-613 AND 2-613.1 of this subtitle, the Comptroller shall distribute monthly 24% of the
 37 remaining income tax revenue from corporations to the Gasoline and Motor Vehicle
 38 Revenue Account in the Transportation Trust Fund.

1 2-615.

2 After making the distributions required under §§ [2-613 and 2-614] 2-613,
3 2-613.1, AND 2-614 of this subtitle, the Comptroller shall distribute the remaining
4 income tax revenue from corporations to the General Fund of the State.

5 10-101.

6 (j) (1) "State income tax" means the State tax on income imposed under this
7 title.

8 (2) "STATE INCOME TAX" INCLUDES THE SURCHARGE ON INCOME OF
9 CORPORATIONS IMPOSED UNDER § 10-102(2) OF THIS SUBTITLE.

10 10-102.

11 Except as provided in § 10-104 of this subtitle[,]:

12 (1) a tax is imposed on the Maryland taxable income of each individual
13 and of each corporation; AND

14 (2) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2003, BUT
15 BEFORE JANUARY 1, 2008, IN ADDITION TO THE TAX IMPOSED UNDER ITEM (1) OF
16 THIS SECTION, A SURCHARGE IS IMPOSED ON THE MARYLAND TAXABLE INCOME OF
17 EACH CORPORATION.

18 10-105.

19 (b) (1) [The] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE State
20 income tax rate for a corporation is 7% of Maryland taxable income.

21 (2) THE RATE OF THE SURCHARGE IMPOSED UNDER § 10-102(2) OF THIS
22 SUBTITLE IS 12.86% OF THE TAX IMPOSED UNDER PARAGRAPH (1) OF THIS
23 SUBSECTION.

24 SECTION 3. AND BE IT FURTHER ENACTED, That, notwithstanding the
25 provisions of § 15-106.3 of the Education Article as enacted under Section 1 of this
26 Act, for fiscal year 2005 only and from those additional revenues resulting from this
27 Act that are credited to the Higher Education Investment Fund for fiscal year 2005,
28 and from no other funds, and subject to the provisions of law relating to budgetary
29 procedure to the extent applicable, the amounts specified below are hereby
30 appropriated and authorized to be disbursed from as much of those additional
31 revenues as are received by the State:

32 MORGAN STATE UNIVERSITY

33 R75T Morgan State University

34 In addition to the amount appropriated in the budget bill for fiscal year 2005, to
35 supplement the appropriation for fiscal year 2005, the following amount to be used to

1 offset the reduction of tuition for in-state undergraduate students for the academic
2 year beginning in the fall of 2004 as required under this Act and for other purposes
3 necessary to provide high quality and affordable post-secondary education and to
4 fulfill the mission of Morgan State University:

5 Special Fund Appropriation \$1,600,000

6 UNIVERSITY SYSTEM OF MARYLAND

7 R75T University System of Maryland

8 In addition to the amount appropriated in the budget bill for fiscal year 2005, to
9 supplement the appropriation for fiscal year 2005, the following amount to be used to
10 offset the reduction of tuition for in-state undergraduate students for the academic
11 year beginning in the fall of 2004 as required under this Act and for other purposes
12 necessary to provide high quality and affordable post-secondary education and to
13 fulfill the mission of the University System of Maryland:

14 Special Fund Appropriation \$25,400,000

15 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the
16 General Assembly to continue to support Maryland's historically black institutions in
17 accordance with the agreement reached between the State of Maryland and the
18 United States Department of Education, Office of Civil Rights in December 2000.

19 SECTION 5. AND BE IT FURTHER ENACTED, That:

20 (a) The Board of Regents of the University System of Maryland shall continue
21 its effectiveness and efficiency initiative, established by the Board on June 27, 2003.

22 (b) On or before December 1, 2004, the Board shall submit, in accordance with
23 § 2-1246 of the State Government Article, a report to the Governor and to the fiscal
24 and education committees of the General Assembly.

25 (c) The report shall include the Board's findings and recommendations
26 regarding:

27 (1) management strategies for achieving efficiencies in the operation of
28 the University System of Maryland and its constituent institutions, including:

29 (i) consolidation and coordination of business and administrative
30 functions;

31 (ii) consolidation, merger, or restructuring of institutions, centers,
32 branches, or institutes; and

33 (iii) continuation or termination of low productivity or low degree
34 programs;

1 (2) strategies for managing future enrollment increases in a cost
2 effective manner, including:

3 (i) use of regional education centers;

4 (ii) distribution of projected enrollment increases to institutions
5 that can accept additional students at a relatively lower cost;

6 (iii) in cooperation with the Maryland Association of Community
7 Colleges, partnerships with community colleges across the State; and

8 (iv) increased use and coordination of on-line and distance
9 education;

10 (3) initiatives to manage enrollment growth by shortening the time it
11 takes a student to earn a baccalaureate degree, including:

12 (i) improved utilization of existing facilities and resources;

13 (ii) utilization of existing faculty, recognizing time considerations
14 associated with research, student contact, preparation, professional and
15 administrative duties, and public service; and

16 (iii) examining credit requirements for baccalaureate degree
17 programs;

18 (4) entrepreneurial efforts to better leverage General Fund support
19 provided by the State, including the development and expansion of institution-based
20 research parks; and

21 (5) efforts to improve access and affordability through the use of
22 scholarship aid based on student financial need.

23 SECTION 6. AND BE IT FURTHER ENACTED, That, for fiscal year 2005, the
24 University System of Maryland shall attain effectiveness and efficiency savings of at
25 least \$17,000,000.

26 SECTION 7. AND BE IT FURTHER ENACTED, That the Board of Regents of
27 the University System of Maryland shall study the tuition policies for out-of-state
28 students at the constituent institutions of the University System of Maryland and
29 selected peer institutions and recommend changes, as appropriate, to these policies.
30 The Board shall submit the study, in accordance with § 2-1246 of the State
31 Government Article, to the Governor and to the fiscal and education committees of
32 the General Assembly by December 1, 2004.

33 SECTION 8. AND BE IT FURTHER ENACTED, That:

34 (a) The Board of Regents of Morgan State University shall conduct an
35 effectiveness and efficiency initiative and by December 1, 2005, the Board shall

1 submit, in accordance with § 2-1246 of the State Government Article, a report to the
2 Governor and to the fiscal and education committees of the General Assembly.

3 (b) The Board shall include in its report findings and recommendations
4 regarding:

5 (1) management strategies for achieving efficiencies in the operation of
6 Morgan State University;

7 (2) strategies for managing future enrollment growth in a cost effective
8 manner; and

9 (3) efforts to improve access and affordability through the use of
10 scholarship aid based on student financial need.

11 SECTION 9. AND BE IT FURTHER ENACTED, That, for a taxable year
12 beginning after December 31, 2003 but before January 1, 2005:

13 (a) A corporation's estimated tax payments for the taxable year shall reflect
14 the income tax surcharge imposed under § 10-102(2) of the Tax - General Article, as
15 enacted by Section 2 of this Act; and

16 (b) Notwithstanding §§ 13-602 and 13-702 of the Tax - General Article, the
17 Comptroller shall assess interest and penalties under §§ 13-602 and 13-702 of the
18 Tax - General Article if a corporation pays estimated income tax for the taxable year
19 in an amount less than 90% of the tax required to be shown on the corporation's
20 income tax return for the taxable year.

21 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 2004.